

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
WITZEMAN PUBLIC SAFETY BUILDING
8401 E. INDIAN SCHOOL RD.
SCOTTSDALE, ARIZONA 85251
NOVEMBER 15, 2011
REGULAR MEETING
APPROVED MINUTES**

PRESENT: Kate Birchler, Chairwoman
Mike Surguine, Vice Chairman
Ace Bailey, Commissioner
Kathleen Glenn, Commissioner
Michael Hoffman, Commissioner

ABSENT: David Richard, Commissioner
Leon Young, Commissioner

STAFF: Steve Geiogamah, Tourism Development Coordinator
Bob Tunis, Economic Development Manager
Rose Wright, Economic Vitality
Rob Millar, Strategic Programs Manager
Lee Guillory, Finance Manager
Kroy Ekblaw, Executive Assistance Strategic Planning
Holly Shannon, Economic Vitality

GUESTS: Brent DeRaad, SCVB

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairwoman Birchler called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:03 a.m.

2. Approval of Minutes

- October 18, 2011 Regular Meeting

COMMISSIONER HOFFMAN MOVED TO APPROVE THE MINUTES OF THE OCTOBER 18, 2011 REGULAR MEETING AS PRESENTED. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

- October 18, 2011 Work Study Session

COMMISSIONER HOFFMAN MOVED TO APPROVE THE MINUTES OF THE OCTOBER 18, 2011 WORK STUDY SESSION AS PRESENTED. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

3. Staff Liaison's Report

a. Staff Bed Tax Collection Report

Mr. Geiogamah reported that bed tax collections for September was up 18%, while collections for hotels was up 23%, miscellaneous retail sales tax was up 9%, and the restaurant sector was up 10%. Year-to-date bed tax collections are up 12%.

Commissioner Hoffman reported that November has been a strong month so far, December looks mixed, but the first quarter projects to be strong. Vice Chairman Surguine said October and November have been strong. High-end leisure business has increased dramatically. Commissioner Bailey reported seeing mixed tour results, but many last minute inquiries have been made. Chairwoman Birchler reported that the retail sector has been doing well. October weather was hot, and that kept people away from buying fall merchandise, but traffic and sales are looking great for November. The National Retail Federation is predicting a good holiday season.

b. Bed Tax Proforma

Ms. Guillory highlighted changes made to the proforma. A recent resolution sent to Council said that \$2.3 million would be committed towards the Tony Nelssen Equestrian Center, including \$1.9 million of carryover, plus an additional \$375,000 out of the FY2011/12 funds. A change in the resolution read that only the carry over portion would be used. City Attorney Bruce Washburn thinks another Council action may be required to use the \$375,000. If this amount comes out of the FY2011/12 budget, it would be a one-time commitment as a loan, and a portion would be repaid when the bonds are issued.

Chairwoman Birchler asked to be notified when this goes before Council, so that the TDC could weigh in on it. Commissioner Hoffman stated that this request represents a huge commitment to one particular attraction that only caters to one market; not a multi-purpose one. Chairwoman Birchler noted that she attended the Council meeting in question and heard no discussion about taking carryover dollars from a future fiscal year budget. The TDC needs to make a recommendation on whether to allocate any more money to this project from the bed tax, and requested an agenda item to do so.

Vice Chairman Surguine questioned how something so dependent on an election bond could be categorized as a loan. Ms. Guillory explained that these would not be election bonds, but municipal property corporation bonds, which only require Council approval. Vice Chairman Surguine inquired about the outcome should the bonds never be issued. Ms. Guillory responded that in that case, the loan would not be repaid.

Vice Chairman Surguine stated that the bed tax fund is constantly expected to fund any shortfalls that arise. He felt it would be reasonable to consider other sources for the loan, such as the General Fund. Ms. Guillory said the General Fund has no excess funds, so using this option would create a further negative. Chairwoman Birchler said the TDC should make a recommendation on the carryover balance, before that amount is claimed.

c. Smith Travel Report

Mr. Geiogamah reported that occupancy is up 3.3%, ADR is up 5.9%, and RevPar is up 9.3% over the prior year. Those three categories have been trending positive for the past three months.

d. Staff report

Mr. Geiogamah noted that the Commission has an opening for an hotelier position. Nominations will be presented on December 13. A new appointment will be made on January 10, 2012.

4. TDC Work Study Meeting Follow Up

Mr. Geiogamah reviewed the facilitator's notes from the study session, as well as a matrix created during the meeting. The Commission identified three projects to focus on over the next twelve months: capital projects, event development, and connectivity.

Vice Chairman Surguine volunteered to take the lead on the event development issue. Commissioner Hoffman took capital projects, and Commissioner Bailey took connectivity. Commissioner Glenn volunteered to work on miscellaneous projects as they come up. Chairwoman Birchler requested that staff arrange meetings with each of the Commissioners and the SCVB, to delve further into the ideas raised at the meeting, and to define the best way to move forward. Updates should begin in January, with quarterly reports to follow.

5. Tourism Development and Marketing Five-Year Strategic Plan

Mr. Geiogamah noted that several tasks have been identified for the five-year strategic plan that provides an outline for the Tourism Program and the SCVB's marketing strategies. SCVB staff has helped refine those tasks, and the list will be further refined before it is sent to consultants in the next few weeks. The consultant will be expected to identify emerging tourism markets and competitive destinations. They will also look at the program's funding structure, consider different marketing models, and conduct an analysis on Scottsdale's event program and venues. A Commissioner and a representative from the SCVB will be involved in the consultant selection process, which will occur in either in December or January. The Commission, by consensus, agreed to move forward with the proposed plan.

6. FY 2011/12 Scottsdale Special Event Work Plan

Mr. Geiogamah reviewed the Special Event Work Plan. The TDC applauded City Council's approval of the street pole banners. Chairwoman Birchler described it as a huge win for event producers. Mr. Geiogamah said the banner program will be ready in time for the upcoming event season. Other plan aspects include monumental signs

related to venues, event marketing, event retention and development, and event economic impact research.

Commissioner Hoffman said it will be important for the TDC to have a standard way of measuring room night generation for every event. Mr. Geiogamah said staff will bring information regarding data collection points and survey questions to the Commission in January. Vice Chairman Surguine said every event uses their own statistics that shine the best possible light on their results, but the TDC needs fair and consistent information. Chairwoman Birchler said it will be important to identify who is responsible for new event development, and what that program will look like. Vice Chairman Surguine found it unconscionable that Scottsdale left \$400,000 in unspent funding for special events.

7. Desert Discovery Center Update

Mr. Ekblaw reported that a little over a year ago, City Council accepted the DDC Phase Two Feasibility Study. In April, Council established the committee for Phase Three. The Committee used the summer to educate themselves on the concepts, site design, exhibit and education design, as well as the business plan assumptions. In the last two months, the Committee has heard from a number of guest speakers who shared their opinions on the plan and answered their questions.

The Committee has made a number of healthy challenges to the study's assumptions. Bob Brais of ConsultEcon will attend the November 30 meeting to respond to their questions. The goal of the Committee is not to take the study apart, but to test it to determine what makes sense. They will eventually make a recommendation to Council on how to proceed, and how to fund it. The Committee just recently came to the consensus that they would like to see the DDC operated by a 501(c)(3) organization that will have a relationship with the City of Scottsdale, and will exist specifically for the purpose of operating the DDC. By January or February, staff will return with more Committee recommendations.

Mr. Ekblaw said the Bond Task Force recently received an informational presentation to learn more about the DDC project. There are two separate efforts under way to determine how much money can be raised from the private and public sectors. The City has yet to determine whether to go ahead with a bond election in 2012 or 2013.

Vice Chairman Surguine stated that the Commission would feel much better about the Tony Nelssen Equestrian Center investment if that project had received the same amount of analysis and research as the DDC has. Everyone who has seen the plans for the DDC has been very excited about it, but despite that, the DDC does not appear to be as high on the priority list for bed tax dollars as the Commission would like it to be. He recommended revisiting the issue of establishing a placeholder for the DDC, which has the potential to be a game changer for Scottsdale tourism. Every bit of research the SCVB has done shows that the Sonoran Desert is a distinguishing asset for Scottsdale that no other competitor destination can touch. Scottsdale has a lot of money invested in the Preserve, but apart from a few hardcore hikers, few tourists visit there. The DDC will give them a reason to go, while providing an education on the value of the Preserve.

Mr. Ekblaw noted that even with a commitment of one of the available bed tax allocations, the project would still require major funding from elsewhere. The bed tax might be able to help with things like the transition expenses, for example. The proposal is now beginning to coalesce. Vice Chairman Surguine stated that there are few other projects that could possibly expect to raise between \$20 million and \$30 million in private sector dollars. The DDC will not strictly be a tourism driver; it has many valuable aspects.

Mr. Ekblaw said research suggests that even if the DDC is not the sole reason for getting tourists to visit Scottsdale, they might decide to stay an extra day to see it. It will benefit the entire economy. Commissioner Hoffman said unlike a special event that only attracts people once a year, the DDC will be able to draw people all year long, and will help the local community better understand the environment they live in. Chairwoman Birchler said the TDC still has some money to allocate and has engaged in many discussions on how to do so. She noted that the DDC has always been at the top of those priorities.

8. **Scottsdale CVB Fiesta Event Proposal**

Mr. Geiogamah discussed this year's proposal for a condensed Fiesta Event, which will occur over a two-day period. The event will create a college football-themed event, identifying Scottsdale as the center for Fiesta Bowl related activities. This year there will be no ESPN coverage. The SCVB is requesting a sponsorship allocation of \$60,000 from the City's event development allocation toward the Fiesta event.

Commissioner Bailey said the Fiesta Event was good for downtown last year. She would like to see more of downtown involved with it this year. Commissioner Hoffman inquired whether there was a way to measure the potential return on the \$60,000 investment. Mr. Geiogamah responded that in addition to surveys, staff could look at tax collections specifically for the downtown area during the course of the event.

Chairwoman Birchler said last year's occupancy numbers were very solid. Fiesta is a great way to kick off the event season, and satellite events can tap into the energy it creates. Vice Chairman Surguine said the TDC has long looked for ways to grow the special events that Scottsdale already has, and this would back that effort up. In time, this event could really become something special.

VICE CHAIRMAN SURGUINE MOVED TO APPROVE THE REQUEST TO ALLOCATE \$60,000 TOWARDS THE FIESTA EVENT PROPOSAL. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

Chairwoman Birchler asked why the proforma for new event development only contains \$322,000 instead of \$400,000. Mr. Geiogamah explained that the \$322,000 figure has been consistent since the beginning of the fiscal year. Vice Chairman Surguine stated that in the FY2010/11 budget, \$400,000 was allocated for new event development. Ms. Guillory clarified that the referenced line item had \$400,000 in FY2010/11, but for FY2011/12 it was lowered to \$322,000. She explained that this category is initially allocated 18% annually, and whatever is left over falls under new event development.

Chairwoman Birchler said she did not recall the TDC voting to allocate \$60,000 towards community events. Mr. Geiogamah clarified that while the event support funding program was brought before the Commission, the community event expenditure was driven by a City Council action last fall when they decided that community events would be funded 100% by bed tax dollars. Community events consist of the Art Walk, the Parada del Sol Rodeo and Parade, the Hashknife Pony Express, and the Art Fest. Chairwoman Birchler expressed doubt that these events could be considered tourism related. Mr. Geiogamah responded that the program outlines qualified events as community focused that also provide something for tourists to do while they are in town.

Chairwoman Birchler said that as a courtesy, the TDC should have been informed of the decision to allocate \$60,000 to community events. Commissioner Hoffman said that Council's decision was made before the TDC met with them to clarify the process. Chairwoman Birchler stated that the TDC should hold a discussion, in the near future, to determine whether or not to ask City Council to reconsider their decision. This has long been a sticking point with Commissioners. The \$60,000 represents money taken from a fund that was intended for new event development, which is a clear priority for the Commission. Community events should not be funded 100% from the bed tax. Mr. Millar said the item would be agendized as soon as possible.

9. Arizona Soccer Showcase Proposal

Mr. Geiogamah described the Arizona Soccer Showcase as a large sports-oriented event revolving around high school teams. Sixty-four teams will hold a tournament from December 26 through 31. The SCVB has engaged in a two-year agreement with the Phoenix Regional Sports Commission to host the event. The SCVB is requesting \$15,000 per year from the City's portion of the bed tax, which would come out of new event development. The event is projecting that 1,800 to 2,000 room nights will be generated.

Chairwoman Birchler felt that the TDC should earmark funding for both years of the event. In response to an inquiry from Vice Chairman Surguine, Mr. Geiogamah explained that the Scottsdale Sports Complex does not have a lease for both years for the event, but staff has confirmed that they are committing to two years.

Commissioner Bailey said some of Scottsdale's other events can be marketed to the people who are coming for the soccer. This showcase could build over time to bring more people downtown. Commissioner Hoffman called for a way to verify whether the event generates as many room nights as it projects. Vice Chairman Surguine noted that the event has secured hard room blocks.

COMMISSIONER HOFFMAN MOVED TO RECOMMEND THAT \$15,000 BE ALLOCATED FOR THIS YEAR'S ARIZONA SOCCER SHOWCASE EVENT, AND \$15,000 FOR NEXT YEAR. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0).

10. Identification of Future Agenda Items

Chairwoman Birchler reviewed that the Commission intends to have deeper discussions regarding the carryover balance, and event retention and development budget line items. She said the December 20 meeting has been cancelled, but the TDC will hold a special telephonic meeting on November 22 to hear a proposal related to the Baseball Fest that was discussed at the October meeting.

Mr. Geiogamah introduced employees Holly Shannon to the Commission.

11. Public Comment

Ace Bailey announced a grass-roots effort called Celebrate Scottsdale, which will be held on the four Saturdays between Thanksgiving and Christmas. The goal is to develop over time a traditional style Christmas event for downtown Scottsdale to attract both tourists and visitors to the area.

12. Adjournment

The meeting adjourned at 9:23 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.